



July 6, 2007

This edition of the COD Processing Update will remain on the [COD Web site](#) until a new edition is posted. We will notify schools via a COD Web Message when a new edition has been posted.

Direct Loan Program

COD News

NEW!

Direct Loan Bulletin 07-15 Released (07/06/07)

[Direct Loan Bulletin 07-15](#) was released to schools from the COD School Relations Center on July 5, 2007 and is posted on the Information for Financial Aid Professionals (IFAP) Web site. This bulletin supplements previous guidance about 2005-2006 Direct Loan Program Year closeout (see [DLB-07-02](#) and [DLB-07-10](#)) and reminds schools of the closeout deadline: Tuesday, July 31, 2007.

If you would like to be added to or removed from the Direct Loan Bulletin distribution list, please submit an e-mail to CODSupport@acs-inc.com with the subject line of "DLB Distribution".

NEW!

Direct Subsidized Loan/Direct Unsubsidized Loan Annual Loan Limit Increases Reflected In Step 5 Of Direct Loan Electronic MPN Process (07/06/07)

Federal Student Aid takes this opportunity to remind schools of how William D. Ford Federal Direct Loan (Direct Loan) Program borrowers are informed of loan term changes made by the Higher Education Reconciliation Act of 2005 (the HERA), P.L. 109-171.

As explained in a number of communications posted on the [Information for Financial Aid Professionals \(IFAP\) Web site](#), changes to Direct Loan terms made by the HERA have been provided to borrowers through an addendum to the applicable Master Promissory Note (MPN) and Borrower's Rights and Responsibilities Statement. For subsequent loans made under an MPN, the changes have been provided through a revised version of the applicable Plain Language Disclosure. These documents have been in use since May 2006.

Recently, in [Direct Loan Bulletin 07-12](#), Federal Student Aid informed schools that a revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum would be implemented to reflect the increase of certain annual loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2007. This bulletin also explained that borrowers who complete a Direct Subsidized Loan/Direct Unsubsidized Loan MPN via the [Direct Loan Electronic MPN Web site](#) would review the revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum during Step 5 of the process. The revised addendum was implemented on June 30, 2007.



During the electronic completion of a Direct Subsidized Loan/Direct Unsubsidized Loan MPN, a borrower first reviews the full Borrower's Rights and Responsibilities Statement in Step 4 of the process. The borrower then reviews the Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum during Step 5 of the process. Because only some loan terms explained in the Borrower's Rights and Responsibilities Statement are modified by the addendum, it is logical to first present the full Borrower's Rights and Responsibilities Statement and to then present the addendum.

While the Direct Subsidized Loan and Direct Unsubsidized Loan annual loan limit increases are accurately reflected on the [Direct Loan Electronic MPN Web site](#) through the Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum in Step 5 of the process, Federal Student Aid wants to better inform borrowers of this information. Accordingly, Federal Student Aid will add a note about the new loan limit information on the home page of the Web site. This note will inform borrowers that loan limit change information is contained in the Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum that they will review during Step 5 of the process.

If you have any questions, contact the COD School Relations Center.

Additional 2007-2008 COD System Functionality Implemented (07/02/07)

Federal Student Aid is pleased to announce the implementation of additional COD System functionality during the period June 29-30, 2007. These system changes updated the 2007-2008 COD System with new COD Web site user enhancements and functionality. Of particular note, Federal Student Aid implemented functionality that allows COD Web site users to reset their own passwords and unlock their own accounts. In addition to this and a few other COD Web site improvements, Federal Student Aid implemented revised Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) materials to reflect the loan limit changes effective July 1, 2007.

Federal Student Aid implemented all of the system changes described in [a June 15, 2007 Electronic Announcement posted on the Information for Financial Aid Professionals \(IFAP\) Web site](#). Please refer to this announcement for detailed information *about the new password reset and account unlock functionality*. Attached to the announcement is a "Password Reset & Account Unlock User Guide."

Thank you for your understanding and patience while Federal Student Aid completed this important activity. If you have any questions about the system changes, contact the COD School Relations Center.

Direct Loan Bulletin 07-14 Released (07/02/07)

[Direct Loan Bulletin 07-14](#) was released to schools from the COD School Relations Center on June 29, 2007 and is posted on the Information for Financial Aid Professionals (IFAP) Web site. This bulletin reminds schools of important operational guidance about the upcoming student loan program changes that become effective on July 1, 2007 as required by the Higher Education Reconciliation Act of 2005 (the HERA), Pub. L. 109-171. This bulletin also provides detailed guidance to all Direct Loan "Combination System" users of the EDEXpress for Windows software regarding the Origination Fee Percentage and how it is used to calculate anticipated



disbursements when importing External Add or External Change files to originate or change loan records.

If you would like to be added to or removed from the Direct Loan Bulletin distribution list, please submit an e-mail to CODSupport@acs-inc.com with the subject line of “DLB Distribution”.

Direct Loan Bulletin 07-13 Released (06/29/07)

[Direct Loan Bulletin 07-13](#) was released to schools from the COD School Relations Center on June 28, 2007 and is posted on the Information for Financial Aid Professionals (IFAP) Web site. This bulletin provides the new interest rates for variable rate Direct Loan Program loans that will be in effect from July 1, 2007 through June 30, 2008. The bulletin also provides the interest rates for fixed rate Direct Loan Program loans.

If you would like to be added to or removed from the Direct Loan Bulletin distribution list, please submit an e-mail to CODSupport@acs-inc.com with the subject line of “DLB Distribution”.

G5 Implementation Coming Soon (06/29/07)

Recently, the Department of Education (the Department) announced the development of **G5—a state-of-the-art electronic system for grants management and payments**. G5 will replace the current Grant Administration and Payments System (GAPS), including the e-Payments functionality used by schools to draw down Campus-Based, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), Federal Pell Grant (Pell Grant), and William D. Ford Federal Direct Loan (Direct Loan) funds. G5 will provide a number of performance, processing, and customer enhancements.

The Department will implement G5 in three phases over several years. Phase I of G5 will address e-Payments and provide improved drawdown functionality. Full implementation of Phase I is currently targeted for the last quarter of calendar year 2007—most likely over the Veterans Day holiday weekend (November 8-12, 2007).

Over the next several months, the Department will provide additional information about Phase I of G5. This information will usually be posted first on the GAPS [e-Payments Web site](#) and then will be followed by an Electronic Announcement on the [Information for Financial Aid Professionals \(IFAP\) Web site](#), an update to this item in the COD Processing Update, and a message on the [COD Web site](#). Please monitor these communications and share the information, as appropriate, with others at your school/organization.

The most current G5 information is posted on the GAPS [e-Payments Web site](#) and in a [June 28, 2007 Electronic Announcement](#) on the IFAP Web site.

If you have any questions about the status and/or implementation of G5, you may e-mail G5_Admin@ed.gov (G5_Admin@ed.gov).



Updating School Contact Information in the COD System (06/26/07)

Federal Student Aid wants to remind all schools and third party servicers that contact information in the Common Origination and Disbursement (COD) System must be kept current. Contact information is extremely important for the COD School Relations Center. Of utmost importance are e-mail addresses and mailing addresses.

- The e-mail address for the Financial Aid Administrator is used to deliver time-sensitive materials and critical COD processing information to the school.
- For a Direct Loan school, correct mailing address information ensures that Direct Loan closeout letters are delivered timely and to the correct place.

Please ensure that all contact information is updated as needed.

Submitting Updates to School Contact Information

Depending on the type of information to be updated, a school must submit updates in one of the following two ways:

1. In accordance with 34 CFR 600.21, most changes must be reported using the [Electronic Application for Approval to Participate in Federal Student Financial Aid Programs \(E-App\)](#). This includes changes to the following information:
 - School name
 - School address (including any branches and locations)
 - Names of the President (or equivalent title), Chief Financial Officer (or equivalent title), and Financial Aid Administrator (or equivalent title)
 - Telephone numbers and e-mail addresses for the above officials

Once the E-App is processed, the [COD Web site](#) is updated within 24 hours. It may take longer if there is additional information required by the School Participation Team (formerly known as the Case Management and Oversight Division).

2. Two specific changes can **only** be made via the [COD Web site](#). These are changes to the Direct Loan Officer contact information/ mailing address and the Pell Grant Officer contact information/ mailing address. To view and/or update the current contact information for these officers, complete the following steps:
 - Log in to the [COD Web site](#).
 - From the School tab, select the “Financial Aid Contact” link (located under the School Information menu). The School Financial Aid Contact Information screen displays the current information for the school.
 - Update or add new contact information by clicking on the “Update” or “Add New” button in the heading for the officer to be updated.
 - Complete the new information and submit the changes.

This information will be processed and updated immediately on the [COD Web site](#).



An [Electronic Announcement](#) with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about updating your school's contact information, contact the COD School Relations Center.

Reports and Data Requests



This section contains important notices regarding reports and/or data requests. While we encourage you to review this section, note that some schools may not be impacted by the information presented below.

- Direct Loan Rebuild File— Schools in need of this file should contact the COD School Relations Center.

Current Issues

Unexpected Occurrences of COD Edit 11 and COD Edit 24 (06/14/07)

Federal Student Aid has discovered and is researching an issue with Central Processing System (CPS) Transaction Numbers for certain student records submitted to the COD System. Schools should be aware that this issue may cause records to unexpectedly hit COD Edit 11 (No Eligible SSN and DOB Combination Match Found On CPS For Student) or COD Edit 24 (Reported CPS Transaction Number Does Not Match CPS) and reject.

If a school receives an Edit 11 or an Edit 24 for a student for whom it has a valid Institutional Student Information Record (ISIR), the school should take the following actions, as applicable:

1. Verify that the student information (Name, Date of Birth, Social Security Number, and CPS Transaction Number) submitted to the COD System matches the student information in the ISIR.
2. ***If the information submitted to the COD System does not match the information in the ISIR***, research the discrepant information and submit a corrected record to the COD System.
3. ***If the information submitted to the COD System matches the information in the ISIR***, contact the COD School Relations Center for assistance.

The COD School Relations Center will initiate a process to reload the CPS record for the student into the COD System. Once the student's CPS record has been reloaded, the school will be informed that it is okay to resubmit the record to the COD System.

Federal Student Aid apologizes for any inconvenience this issue causes schools. Updates on this issue will be provided as Federal Student Aid completes its research and resolution of the issue.



ACG, National SMART Grant, and Pell Grant Programs

COD News

Additional 2007-2008 COD System Functionality Implemented (07/02/07)

Federal Student Aid is pleased to announce the implementation of additional COD System functionality during the period June 29-30, 2007. These system changes updated the 2007-2008 COD System with new COD Web site user enhancements and functionality. Of particular note, Federal Student Aid implemented functionality that allows COD Web site users to reset their own passwords and unlock their own accounts. In addition to this and a few other COD Web site improvements, Federal Student Aid implemented revised Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) materials to reflect the loan limit changes effective July 1, 2007.

Federal Student Aid implemented all of the system changes described in [a June 15, 2007 Electronic Announcement posted on the Information for Financial Aid Professionals \(IFAP\) Web site](#). Please refer to this announcement for detailed information *about the new password reset and account unlock functionality*. Attached to the announcement is a “Password Reset & Account Unlock User Guide.”

Thank you for your understanding and patience while Federal Student Aid completed this important activity. If you have any questions about the system changes, contact the COD School Relations Center.

2006-2007 ACG Deobligation Due to No Corresponding Pell Grant Warning Message (06/14/07)

One of the eligibility criteria to be awarded an Academic Competitiveness Grant (ACG) is that the student must receive a Federal Pell Grant (Pell Grant) disbursement in the same award year. This requirement in 34 CFR 691.15(a)(2) is met if the student received a Pell Grant disbursement at any school he or she attended in the same award year. That is, the student is not required to receive the Pell Grant and the ACG at the same school.

To ensure that ACGs have been awarded consistent with the Pell Grant eligibility requirement, each award year, Federal Student Aid will perform a Common Origination and Disbursement (COD) System-wide job that reduces to zero (\$0.00) all ACG actual disbursements made to a student who does not have a Pell Grant actual disbursement for that award year in the COD System. Federal Student Aid is ready to perform this job for the 2006-2007 Award Year because the majority of ACG and Pell Grant disbursements for the first and second payment periods of the 2006-2007 Award Year should have already been submitted to the COD System for processing.



2006-2007 ACG Deobligation Due to No Corresponding Pell Grant Warning Message Processed on June 13, 2007

On June 13, 2007, Federal Student Aid began processing a message to schools that have reported 2006-2007 ACG actual disbursements for a student who does not have a 2006-2007 Pell Grant actual disbursement recorded in the COD System. The message is a warning that these disbursements will be considered overawards and reduced to a zero dollar amount (\$0.00), even if the disbursements were previously accepted in the COD System. The reduction of the affected disbursements is scheduled to occur on July 6, 2007.

Federal Student Aid sent the June 13, 2007 warning message to schools' Student Aid Internet Gateway (SAIG) mailboxes in the message class AGTX07OP. Additionally, Federal Student Aid sent a file of student records reported to the COD System that do not have a corresponding 2006-2007 Pell Grant actual disbursement in the Reconciliation Report message class AGRC07OP. Schools that receive the warning message should review the accompanying Reconciliation Report and, if applicable, report 2006-2007 Pell Grant disbursements for affected students before July 6, 2007.

Exception Process for No Corresponding 2006-2007 Pell Grant Due to R2T4 Calculation

As schools are aware, ACG awards are included in the Return of Title IV Funds (R2T4) calculation for a student who withdraws from his or her educational program. The required priority order for returning unearned Title IV grants is as follows: Pell Grant, ACG, National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), and Federal Supplemental Educational Opportunity Grant (FSEOG).

The subsequent full repayment of a Pell Grant as a result of the R2T4 calculation and the priority order for Title IV grants (Pell Grant before ACG) do not make the student ineligible for the earned portion of an ACG. In such a case, the school must ensure that it has documented in its records the student's original amount of Pell Grant eligibility as well as the return of those funds consistent with the R2T4 regulations in 34 CFR 668.22.

Some of the student records included in the Reconciliation Report may be for students who do not have a corresponding Pell Grant for the 2006-2007 Award Year due to the documented full repayment of the Pell Grant as a result of an R2T4 calculation. A school can inform Federal Student Aid of the student records to which this exception applies by calling the COD School Relations Center by July 3, 2007. A customer service representative will collect the following information from the school via the phone:

- School's Name
- School's Pell ID and GAPS Award Number
- Student's First and Last Names
- Student's Social Security Number (SSN)
- Student's Grade Level
- ACG Award ID



- ACG Award Amount
- ACG Award Year-to-Date Disbursement Amount

Upon notification that an R2T4 exception applies, Federal Student Aid will exclude the applicable student records from the reduction scheduled for July 6, 2007.

An [Electronic Announcement](#) with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about the warning message or about submitting disbursements to the COD System, contact the COD School Relations Center.

2006-2007 National SMART Grant Deobligation Due To No Corresponding Pell Grant (07/02/07)

On June 29, 2007, Federal Student Aid deobligated 2006-2007 Award Year National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) disbursements for students who did not have a 2006-2007 Federal Pell Grant (Pell Grant) actual disbursement recorded in the COD System. As noted in the warning message that Federal Student Aid sent to affected schools on June 14, 2007, these National SMART Grant disbursements were considered overawards and reduced to a zero dollar amount (\$0.00), even though the disbursements were previously accepted in the COD System. This deobligation affected National SMART Grant disbursements at approximately 40 schools.

A school affected by the deobligation will:

- Receive an SGTX file (SGTX07OP message class) in the school's Student Aid Internet Gateway (SAIG) mailbox indicating the number of students and total amount of the decrease;
- Receive a system-generated negative disbursement file (CRND07OP message class/ND document type) in the school's SAIG mailbox;
- Receive a new Electronic Statement of Account (SGAS07OP message class) in the school's SAIG mailbox that reflects the decrease, unless there are other offsetting increase adjustments; and
- See a change in the school's Current Funding Level that reflects the reduced disbursements.

Notes:

1. If all of the National SMART Grant recipients at a school had a corresponding 2006-2007 Pell Grant actual disbursement on June 29, 2007, the school was not affected by the June 29th deobligation process.
2. Some National SMART Grant recipients do not have a corresponding 2006-2007 Pell Grant actual disbursement due to the documented full repayment of the Pell Grant as a result of a Return of Title IV Funds (R2T4) calculation. If a school informed the COD School Relations Center of the student records to which this exception applies, these student records were excluded from the June 29th deobligation process.



If you have any questions about the 2006-2007 National SMART Grant deobligation of disbursements due to no corresponding 2006-2007 Pell Grant actual disbursement, contact the COD School Relations Center.

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Over the next several months, the Department will provide additional information about Phase I of G5. This information will usually be posted first on the GAPS [e-Payments Web site](#) and then will be followed by an Electronic Announcement on the [Information for Financial Aid Professionals \(IFAP\) Web site](#), an update to this item in the COD Processing Update, and a message on the [COD Web site](#). Please monitor these communications and share the information, as appropriate, with others at your school/organization.

The most current G5 information is posted on the GAPS [e-Payments Web site](#) and in [a June 28, 2007 Electronic Announcement](#) on the IFAP Web site.

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An [Electronic Announcement](#) with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about updating your school’s contact information, contact the COD School Relations Center.



ACG and National SMART Grant Resources (07/06/07)

As a reminder, the Department of Education (the Department) has posted a number of Dear Colleague Letters and Electronic Announcements that communicate regulatory, policy, and operational information related to the implementation of the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs. In addition, Federal Student Aid has updated the [2006-2007 COD Technical Reference](#) and the [2007-2008 COD Technical Reference](#). A school should refer to the [communications posted on the Information for Financial Aid Professionals \(IFAP\) Web site](#) and to the 2006-2007 and 2007-2008 COD technical references for complete information about the ACG and National SMART Grant programs.

More specifically, the 2006-2007 and 2007-2008 COD technical references cover all aspects of the operational implementation of the ACG and National SMART Grant programs. This



includes information on the following key aspects of ACG and National SMART Grant processing:

- Financial Award ID and Financial Award Number (Award Sequence Number)
Volume II, Section 1 “Implementation Guide”
- Citizenship and Student Level Code
Volume II, Section 1 “Implementation Guide”
- Message Classes
Volume II, Section 2 “Message Classes”
- Common Record Layout
Volume II, Section 3 “Common Record Layout”
- Reports Generated by COD System
Volume VI, Section 8 “COD Reports”
- Eligibility/Payment Reason and Rigorous High School Program Code for ACG
Volume VI, Section 9 “Rigorous Secondary School Programs of Study, and Eligible Majors”
- Major/Classification of Instructional Program (CIP) Code for National SMART Grant
Volume VI, Section 9 “Rigorous Secondary School Programs of Study, and Eligible Majors”

If your school needs help locating information related to the operational implementation of the ACG and National SMART Grant programs, contact the COD School Relations Center.

Note for EDExpress Users: Volume III of the 2006-2007 and 2007-2008 COD technical references provides additional guidance for schools that use EDExpress in combination with another system. If your school needs help locating information related to EDExpress, contact CPS/SAIG Technical Support at 880/330-5947 or by e-mail at CPSSAIG@ed.gov.

Current Issues

Unexpected Occurrences of COD Edit 11 and COD Edit 24 (06/14/07)

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The COD School Relations Center will initiate a process to reload the CPS record for the student into the COD System. Once the student's CPS record has been reloaded, the school will be informed that it is okay to resubmit the record to the COD System.

Federal Student Aid apologizes for any inconvenience this issue causes schools. Updates on this issue will be provided as Federal Student Aid completes its research and resolution of the issue.